



Technical Update LLS-2011-01

January 12, 2011

Cohort Default Rate Updates for Lenders and Lender Servicers

This information is intended for the person in your organization who is responsible for working with the National Student Loan Data System (NSLDS). Please ensure the appropriate person receives this update.

Introduction

In January 2011, we will implement enhancements to the National Student Loan Data System (NSLDS) Cohort Default Rate (CDR) process. The Loan Record Detail Report (LRDR) layout, supporting new and past calculations, will be changed to provide institutions with additional data that will aid in researching their rates. The new data will increase the length of the LRDR extract file.

The Higher Education Opportunity Act (HEOA), enacted on August 14, 2008, provides that, beginning with the 2009 cohort, the default monitoring period for CDR calculations is increased to three years. The first of the three-year monitoring rates, the 2009 cohort, will be released during 2012. Under the HEOA, institutional sanctions for high cohort default rates based on three-year monitoring rates will not be applied until three, three-year rates have been calculated and published. This will occur with the publication in September 2014 of the third three-year monitoring rate, the 2011 cohort. Until that time both two-year monitoring and three-year monitoring CDRs will be calculated.

The implementation of the three-year rate will not change the overall CDR process, including the delivery of the electronic cohort default rate (eCDR) notification package, using the Student Aid Internet Gateway (SAIG). The current CDR process will apply to both two-year monitoring and three-year monitoring CDRs beginning in 2012.

As noted, the first official three-year CDR will not be published until 2012. Early in 2011 we will calculate and publish a “trial” three-year draft rate for the 2008 cohort now that such a rate can be calculated. A “trial” three-year official rate will be calculated and published later in 2011. The purpose of this trial rate is to provide institutions with information that will assist them in assessing the impact of the new three-year monitoring period on their actual rates when first published in 2012. Upcoming announcements will communicate the calculation and publication dates for the three-year “trial” draft rate and three-year “trial” official rate in 2011.

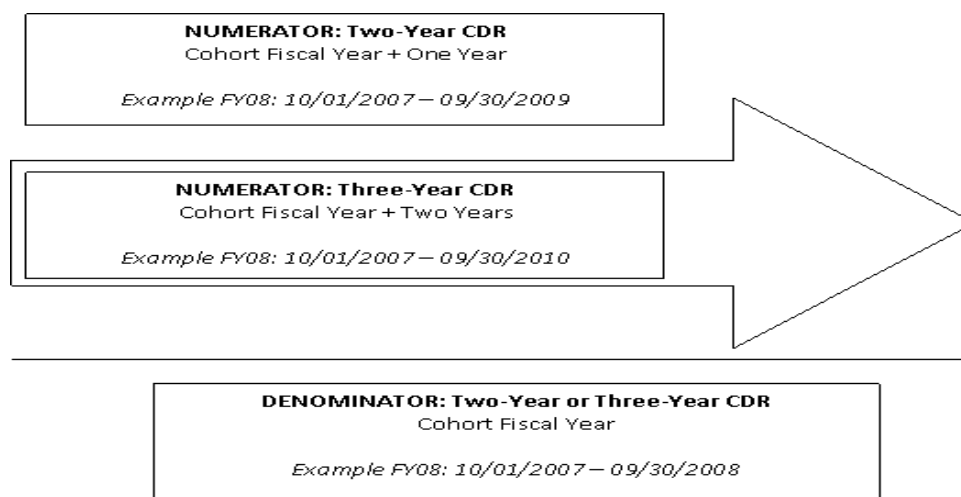
830 First St. N.E., Washington, DC 20202
www.FederalStudentAid.ed.gov
1-800-4-FED-AID

We will also enhance the [NSLDS Professional Access Web site](#) to allow users to view their own institution's three-year draft and official CDRs and to request the LRDR.

Three-Year Cohort Default Rate Calculation for Lenders

The calculation of a two-year CDR has as its denominator the number of borrowers who entered repayment in the federal fiscal year for which the CDR is being calculated. The numerator includes the number of borrowers from the denominator who defaulted in the same fiscal year or in the following federal fiscal year. The new three-year rate calculation will use the same determination for the denominator but will expand the numerator to include the number of borrowers from the denominator who defaulted in the same fiscal year or the following **two** federal fiscal years.

The illustration below provides an example of the current two and the new three CDR compositions.



We will modify NSLDS to calculate the three-year period CDR for lenders beginning with trial draft and trial official rates for Cohort Year 2008 and draft and official rates through the transition period for Cohort Years 2009, 2010, and 2011. The two-year draft and official CDRs will continue to be calculated through September 2013. The three-year trial rates are to be used as a preview of how the new mandate will impact institutions' rates. There will be **no** benefits or sanctions based on the trial rates.

The following chart illustrates the timeframes for two-year and three-year CDRs.

Two-Year CDR			
CDR	Denominator: Repayment Period	Numerator: Repayment Period	Publish 2-Year Rates (Draft/Official)
FY 2009	10/01/2008 - 09/30/2009	10/01/2008 - 09/30/2010	February/ September 2011
FY 2010	10/01/2009 - 09/30/2010	10/01/2009 - 09/30/2011	February/ September 2012
FY 2011	10/01/2010 - 09/30/2011	10/01/2010 - 09/30/2012	February/ September 2013

Three-Year CDR			
CDR	Denominator: Repayment Period	Numerator: Repayment Period	Publish 3-Year Rates (Draft/Official)
FY 2008 (Trial Draft/ Trial Official)	10/01/2007 - 09/30/2008	10/01/2007 - 09/30/2010	February/ September 2011
FY 2009	10/01/2008 - 09/30/2009	10/01/2008 - 09/30/2011	February/ September 2012
FY 2010	10/01/2009 - 09/30/2010	10/01/2009 - 09/30/2012	February/ September 2013
FY 2011	10/01/2010 - 09/30/2011	10/01/2010 - 09/30/2013	February/ September 2014

To view the draft or official CDR, access the Cohort Default Rate link from the ORG Tab on the [NSLDS Professional Access Web site](#). The Rate Type column will be expanded to display descriptions for the two-year (2YR) and three-year (3YR) draft and official rates, as well as for the three-year trial rate (3YR TRIAL). An "O" or "D" following the "3YR TRIAL" description indicates whether the rate is official or draft.

The following screen shot of the Cohort Default Rate link shows the new Rate Type.

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[Report](#)

[Org Contact List](#)
[Org Search](#)
[Data Provider Schedule](#)
[Cohort Default Rate](#)
[Org Relationship List](#)
[School Profile](#)

Type: Code: Name:

Logged on as: TEST TESTER- LETST1 from CITIBANK ELT STUDENT LOAN CORP

Name: CITIBANK ELT STUDENT LOAN CORP
Code: 8077430000 Type: Lender
Address: P.O. BOX 6157
SIOUX FALLS, SD 571170000

Tax Exempt Eligible:
Not-For-Profit:
Trustee:
Third Party Service:

Cohort Default Rate History List

Fiscal Year	Rate Type	Program Type	Numerator	Denominator	Rate	Process Date
2010	2YR OFFICIAL		0	0	0	07/30/2012
	2YR DRAFT		0	0	0	01/15/2012
2009	2YR OFFICIAL		0	0	0	07/30/2011
	2YR DRAFT		0	0	0	01/15/2011
	3YR OFFICIAL		0	0	0	07/30/2012
	3YR DRAFT		0	0	0	01/15/2012
2008	2YR DRAFT		0	0	0	01/05/2010
	2YR OFFICIAL		0	0	0	08/02/2010
	3YR TRIAL-O		0	0	0	07/30/2011
	3YR TRIAL-D		0	0	0	01/15/2011

New Rate Type Descriptions

Process Dates do not reflect actual dates for future runs.

The Cohort Default rates listed above may not reflect changes that have resulted from the Cohort Default rate challenge/adjustment/appeal processes.

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Lender Cohort Default Rate History Report Layout (DRC045) Updates

To assist institutions in verifying the accuracy of the data used to calculate the draft or official rates and to research the loan records used in the calculation, updates have been made to the Loan Record Detail Report (LRDR) header, detail, and trailer records for extract requests. The modifications to the LRDR layout have increased the record length of the extract file. The updates will impact all LRDR extract requests submitted for current and/or past cohort years. The modified extract file layout will be effective January 31, 2011.

- The LRDR layout length has increased from 335 to 375.
- The header record now specifies whether the loan data supports a two-year or three-year rate and whether it is a draft or official rate.
- The detail record now includes the **Award ID** (Unique Loan Identifier), **Current Lender Servicer or Federal Servicer**, and the **Consolidation Indicator**. The Consolidation Indicator will assist in identifying a consolidation loan and the underlying loans included in the report.
- The **Outstanding Principal Balance (OPB)** field in the detail and trailer records has been replaced by the **Outstanding Principal Balance At Time of Repayment** and **Outstanding Principal Balance At Time of Default** fields. In addition, fields for **Outstanding Interest Balance at Time of Repayment** and **Outstanding Interest Balance at Time of Default** have been added. In the trailer record these amounts are separated by loan program type.

IMPORTANT: Prior to requesting an LRDR please review the updated record layouts as the length has increased to include the addition of the new fields.

The updated extract file layout for the LRDR (referred to as the Lender Cohort Default Rate History Report Layout [DRC045]) is available on the [NSLDS Record Layouts page of the Information for Financial Aid Professionals \(IFAP\) Web site](#).

To request the LRDR, access the Lender Cohort Default Rate History Report (DRC045) from the Report Tab on the [NSLDS Professional Access Web site](#). As shown below, complete the parameters for the output Type (Report or Extract) and select a Sort By criteria. Select the CDR for which the LRDR is being requested for and submit. The report requests for the three-year rates will be processed and delivered the same as is currently being done for the two-year rates.

The following screen shot of the Lender Cohort Default Rate History Report (DRC045) page shows the new Rate Type.

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Report List | Web Report List

Logged on as: TEST TESTER- LETST1 from CITIBANK ELT STUDENT LOAN CORP

ID: DRC045
Type: --Select--

Name: LENDER COHORT DEFAULT RATE HIST RPT

Return to Report List
Go to Report Log

Report Parameters

LENDER: 807743

Sort By: --Select--

Output Medium: SAIG

Cohort Default Rate History List

Select	Fiscal Year	Rate Type	Program Type	Numerator	Denominator	Rate	Process Date
<input type="checkbox"/>	2010	2YR OFFICIAL		0	0	0	07/30/2012
<input type="checkbox"/>		2YR DRAFT		0	0	0	01/15/2012
<input type="checkbox"/>	2009	2YR OFFICIAL		0	0	0	07/30/2011
<input type="checkbox"/>		2YR DRAFT		0	0	0	01/15/2011
<input type="checkbox"/>		3YR OFFICIAL		0	0	0	07/30/2012
<input type="checkbox"/>		3YR DRAFT		0	0	0	01/15/2012
<input type="checkbox"/>	2008	2YR DRAFT		0	0	0	01/05/2010
<input type="checkbox"/>		2YR OFFICIAL		0	0	0	08/02/2010
<input type="checkbox"/>		3YR TRIAL-O		0	0	0	07/30/2011
<input type="checkbox"/>		3YR TRIAL-D		0	0	0	01/15/2011

New Rate Type Descriptions

Process Dates do not reflect actual dates for future runs.

Submit

The Cohort Default rates listed above may not reflect changes that have resulted from the Cohort Default rate challenge/adjustment/appeal processes.

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Cohort Default Rate Calculation for Lender Servicers

In January 2011, we will modify NSLDS to calculate both two-year and three-year CDRs for lender servicers. Lender servicers will have access on the [NSLDS Professional Access Web site](#) to their draft and official CDR history and to the official CDR history for other organizations such as lenders, schools, guaranty agencies (GAs), federal loan servicers (ED Servicers), and other lender servicers. Other organizations will also be able to view lender servicers' official CDRs. An LRDR has been created to provide the lender servicers with the loans that were used to calculate the draft and official CDRs.

To view the draft or official CDR, access the Cohort Default Rate link from the ORG Tab on the [NSLDS Professional Access Web site](#). The following screen shows the Cohort Default Rate History List will display for the lender servicer.

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Menu | Aid | Enroll | Org | Report

Org Contact List | Org Search | Data Provider Schedule | Org Relationship List | School Profile | Cohort Default Rate

Type: --- Select --- Code: Name: Retrieve

Logged on as: LSTST1 LENDER SERV ID FOR TESTING from [AMERICAN EDUCATION SERVICES](#)

Name: AMERICAN EDUCATION SERVICES
Code: 700100 Type: Lender Servicer
Address: 1200 NORTH 7TH STREET 6TH FLOOR
HARRISBURG, PA 171020000

Cohort Default Rate History List

Fiscal Year	Rate Type	Program Type	Numerator	Denominator	Rate	Process Date
2010	2YR OFFICIAL		0	0	0	07/30/2012
	2YR DRAFT		0	0	0	01/15/2012
2009	2YR OFFICIAL		0	0	0	07/30/2011
	2YR DRAFT		0	0	0	01/15/2011
	3YR OFFICIAL		0	0	0	07/30/2012
	3YR DRAFT		0	0	0	01/15/2012
2008	2YR DRAFT		0	0	0	01/05/2010
	2YR OFFICIAL		0	0	0	08/02/2010
	3YR TRIAL-O		0	0	0	07/30/2011
	3YR TRIAL-D		0	0	0	01/15/2011

The Cohort Default rates listed above may not reflect changes that have resulted from the Cohort Default rate challenge/adjustment/appeal processes.

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Process Dates do not reflect actual dates for future runs.

To view the official CDR for other organizations, select the organization type from the Type drop-down menu and enter the code. A search utilizing the name of the organization can be executed to view the Cohort Default Rate History List. The drop-down selections are show in the screen below.

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NSLDS

Menu | Aid | Enroll | Org | Report

Org Contact List | Org Search | Data Provider Schedule | Org Relationship List | School Profile | Cohort Default Rate

Type: --- Select --- Code: Name: Retrieve

GUARANTY AGENCY
LENDER
LENDER BRANCH SERVICER
SCHOOL
ED SERVICER

Logged on as: LSTST1 LENDER SERV ID FOR TESTING from [AMERICAN EDUCATION SERVICES](#)

Name: AMERICAN EDUCATION SERVICES
Code: 700100 Type: Lender Servicer
Address: 1200 NORTH 7TH STREET 6TH FLOOR
HARRISBURG, PA 171020000

Cohort Default Rate History List

Fiscal Year	Rate Type	Program Type	Numerator	Denominator	Rate	Process Date
2010	2YR OFFICIAL		0	0	0	07/30/2012
	2YR DRAFT		0	0	0	01/15/2012
2009	2YR OFFICIAL		0	0	0	07/30/2011
	2YR DRAFT		0	0	0	01/15/2011
	3YR OFFICIAL		0	0	0	07/30/2012
	3YR DRAFT		0	0	0	01/15/2012
2008	2YR DRAFT		0	0	0	01/05/2010
	2YR OFFICIAL		0	0	0	08/02/2010
	3YR TRIAL-O		0	0	0	07/30/2011
	3YR TRIAL-D		0	0	0	01/15/2011

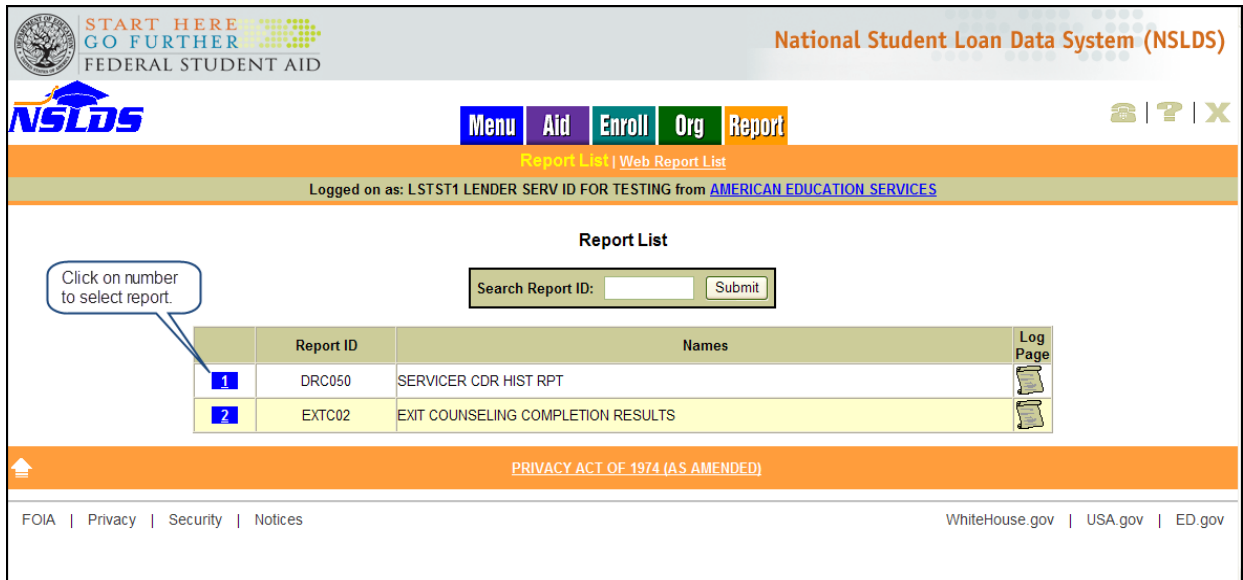
The Cohort Default rates listed above may not reflect changes that have resulted from the Cohort Default rate challenge/adjustment/appeal processes.

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Process Dates do not reflect actual dates for future runs.

To request the LRDR, access the Report List from the Report Tab on the [NSLDS Professional Access Web site](#). Select the number to the left of the Report ID for the Servicer Cohort Default Rate History Report (DRC050), as shown in the screen below.



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National Student Loan Data System (NSLDS)

Menu Aid Enroll Org Report

Report List | Web Report List

Logged on as: LSTST1 LENDER SERV ID FOR TESTING from AMERICAN EDUCATION SERVICES

Report List

Click on number to select report.

Search Report ID: Submit

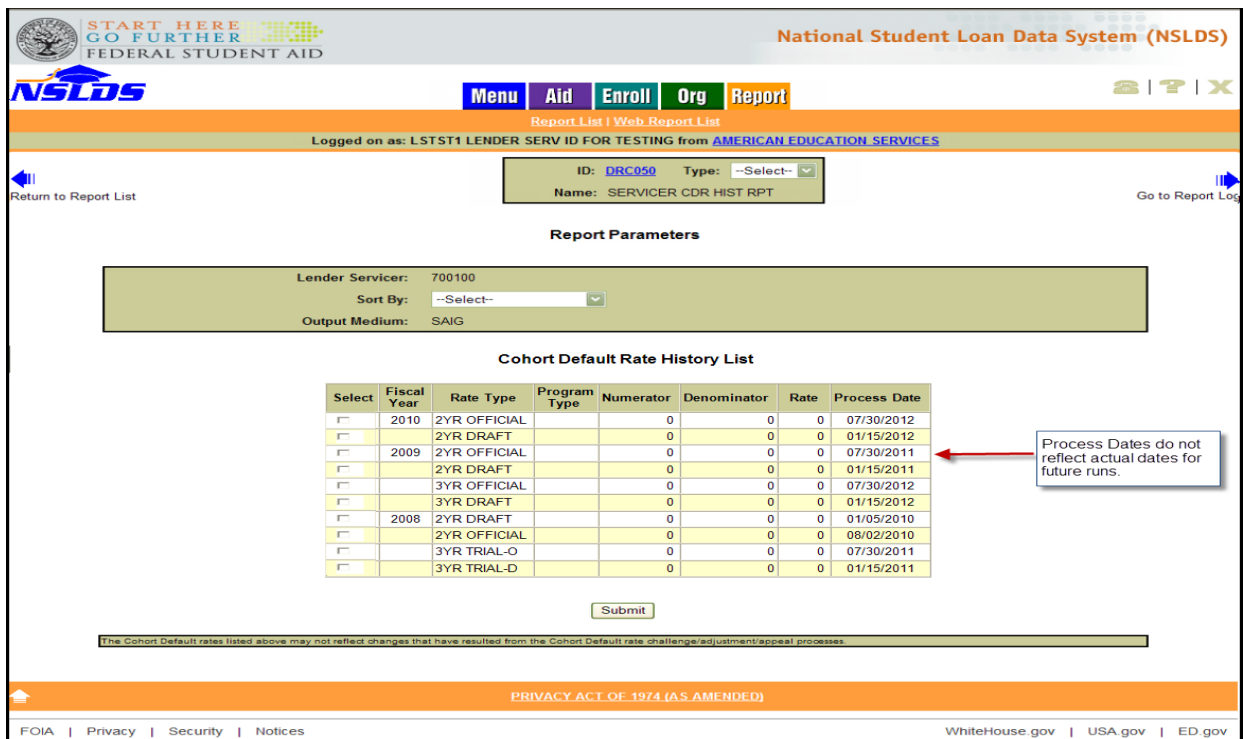
	Report ID	Names	Log Page
1	DRC050	SERVICER CDR HIST RPT	
2	EXTC02	EXIT COUNSELING COMPLETION RESULTS	

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As shown below, complete the parameters for the output Type (Report or Extract) and select a Sort By criteria. Select the CDR for which the LRDR is being requested for and submit.



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National Student Loan Data System (NSLDS)

Menu Aid Enroll Org Report

Report List | Web Report List

Logged on as: LSTST1 LENDER SERV ID FOR TESTING from AMERICAN EDUCATION SERVICES

Return to Report List

ID: DRC050 Type: --Select--

Name: SERVICER CDR HIST RPT

Go to Report Log

Report Parameters

Lender Servicer: 700100

Sort By: --Select--

Output Medium: SAIG

Cohort Default Rate History List

Select	Fiscal Year	Rate Type	Program Type	Numerator	Denominator	Rate	Process Date
<input type="checkbox"/>	2010	2YR OFFICIAL		0	0	0	07/30/2012
<input type="checkbox"/>		2YR DRAFT		0	0	0	01/15/2012
<input type="checkbox"/>	2009	2YR OFFICIAL		0	0	0	07/30/2011
<input type="checkbox"/>		2YR DRAFT		0	0	0	01/15/2011
<input type="checkbox"/>		3YR OFFICIAL		0	0	0	07/30/2012
<input type="checkbox"/>		3YR DRAFT		0	0	0	01/15/2012
<input type="checkbox"/>	2008	2YR DRAFT		0	0	0	01/05/2010
<input type="checkbox"/>		2YR OFFICIAL		0	0	0	08/02/2010
<input type="checkbox"/>		3YR TRIAL-O		0	0	0	07/30/2011
<input type="checkbox"/>		3YR TRIAL-D		0	0	0	01/15/2011

Process Dates do not reflect actual dates for future runs.

Submit

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Lenders Accessing Lender Servicers' CDRs and Federal Loan Servicers' CDRs

In addition to the new calculation for lender servicers, we will also modify NSLDS to calculate CDRs for the federal loan servicers for both two-year and three-year default monitoring periods. Lender users can currently view official rates for other lenders, GAs and schools. With these modifications, lender users will also be able to view the official CDRs for lender servicers and federal loan servicers.

To view the official CDR for other organizations, log on to the [NSLDS Professional Access Web site](#) and select the Org Tab followed by the Cohort Default Rate link. Select the type of organization from the Type drop-down menu and enter the code. The option to select lender servicer (Lender Branch Servicer) and federal loan servicer (ED Servicer) will be added.

The following screen of the Cohort Default Rate link page shows the new Organization Types.

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FEDERAL STUDENT AID

NSLDS

Menu | Aid | Enroll | Org | Report

Org Contact List | Org Search | Data Provider Schedule | **Cohort Default Rate** | Org Relationship List | School Profile

Type: --- Select ---
 --- Select ---
 GUARANTY AGENCY
 LENDER
 LENDER BRANCH SERVICER
 SCHOOL
 ED SERVICER

Code: Name: Retrieve

Based on as: TEST TESTER- LETST1 from CITIBANK ELT STUDENT LOAN CORP

Name: CITIBANK ELT STUDENT LOAN CORP
 Code: 8077430000 Type: Lender
 Address: P.O. BOX 6157
 SIOUX FALLS, SD 571170000

Tax Exempt Eligible:
 Not-For-Profit:
 Trustee:
 Third Party Service:

Cohort Default Rate History List

Fiscal Year	Rate Type	Program Type	Numerator	Denominator	Rate	Process Date
2010	2YR OFFICIAL		0	0	0	07/30/2012
	2YR DRAFT		0	0	0	01/15/2012
2009	2YR OFFICIAL		0	0	0	07/30/2011
	2YR DRAFT		0	0	0	01/15/2011
2008	3YR OFFICIAL		0	0	0	07/30/2012
	3YR DRAFT		0	0	0	01/15/2012
	2YR DRAFT		0	0	0	01/05/2010
	2YR OFFICIAL		0	0	0	08/02/2010
	3YR TRIAL-O		0	0	0	07/30/2011
	3YR TRIAL-D		0	0	0	01/15/2011

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If you have any questions, please contact the NSLDS Customer Support Center at 800/999-8219 or by e-mail at NSLDS@ed.gov.